

'GOOD GOVERNANCE' AND POVERTY ALLEVIATION

PROGRAMMES:

A CRITICAL ANALYSIS OF SWARNJAYANTI GRAM SWAROZGAR
YOJANA (SGSY)

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Abstract

The paper attempts to examine the flagship poverty alleviation scheme Swarnjayanti Gram Swarozgar Yojana (SGSY) against the background of emerging policies aimed at ‘good governance’. How far SGSY, a major programme of the Government of India (GOI) for poverty alleviation has been able to incorporate ‘good governance’ principles like participation of the people, involvement of civil society and sound project formulation is the main objective of this paper. The governance approach indicated in SGSY is supposed to be significantly different from earlier poverty alleviation programmes in India, especially the Integrated Rural Development Programme (IRDP). However, the paper, based on a review of some available studies, indicates that SGSY is implemented in a very deterministic and top down manner, ignoring the participatory approach that is envisaged

in the design. In the whole process right from identification of participants to supporting them to develop a sustainable income generation enterprise, SGSY is beset with problems like faulty selection, improper identification of viable schemes, sidelining of capacity building and above all lack of integration among different agencies involved in implementation of the scheme. The paper concludes that 'good governance' for poverty alleviation programmes seems to be more of rhetoric than a reality.

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INTRODUCTION

In the recent years, the discourse on ‘good governance’ has assumed a lot of significance. It is admitted by Government of India (GOI) that continued deprivation and inequality is the result of poor governance in the country (GOI 2002a). ‘Good governance’ has been identified as an instrument which would help overcome the challenges of poverty and deprivation. To GOI, governance means the ‘management of all such processes that, in any society, define the environment which permits and enables the individual to raise their capability levels, on one hand, and provide opportunities to realize their potential and enlarge the set of available choices, on the other’ (ibid: 177). Governance, it is identified, would become ‘good governance’ if it goes with certain universally accepted features like exercise of legitimate political power, and formulation and implementation of policies and

programmes that are equitable, transparent, non-discriminatory, socially sensitive, participatory, and above all accountable to people at large (ibid).

A close relationship is established between 'good governance' and the success or failure of poverty alleviation efforts in India. The Tenth Five Year plan specifically takes up the case of rural development programmes to illustrate how governance affects any process. It has identified that 'excessive compartmentalization of executive into ministries/departments; has ensured that such programmes are not only spread over host of ministries which encourages a narrow sectoral approach to conceiving, formulating and implementing schemes, but also prevents mutual synergies that are inherent in most social sector programmes to benefit the plan initiatives' (ibid: 179)

Large-scale leakage and the resultant continuation of poverty and deprivation are identified as the fallout of the poor governance of the rural development programmes (ibid). GOI goes further and has identified the following strategies, among others, as part of its 'good governance' agenda to improve the functioning of the poverty alleviation programmes:

- (i) ensuring participation of the people at all stages of the programme implementation;
- (ii) decentralization of planning through involvement of Panchayati Raj

Institutions (PRI); (iii) involvement of voluntary organizations/non-governmental organizations (NGOs) to supplement and complement the efforts of the government; (iv) formulation of developmental programmes in a more systematic and professional manner; (v) right to information, and v) empowerment of the marginal and the excluded.

It is identified that the 'good governance' approach to development is part of the overall new governance paradigm which is emerging recently in response to the changing role of state in relation to development (Shylendra 2004). Pluralization of state for development is the major feature of the new governance paradigm. The challenges of development are to be addressed jointly by the state along with market and civil society. Development is no longer supposed to be the sole prerogative of the state. The collaborative action is expected to bring in new synergy for development problem solving and overcoming in the process , the limitations of the state. A key requirement for the new governance to work is the harmonising of the relationships between different actors so that common goals could be attained smoothly without any conflict of interests. Different actors of governance are to adapt to the scenario of plurality in order to evolve a

system for harmonious existence and collective action. Hence, the need is for better skills of co-ordination and enablement so that all the processes of interplay are transparent and outcomes predictable. The emerging new governance paradigm goes with the objective of 'good governance' which is being prescribed or adopted for improved developmental performance.

Legitimacy and accountability are the two hallmarks of 'good governance'. Legitimacy of governance is to be attained through democratic system and practices; while accountability for delivering development is to be brought about through transparent and participatory decision making processes.

While the propounders of the new governance support it as a need of the hour for making amends to overcome the past failures of the state led development for achieving better developmental results (GOI 2002a); there is also a strong scepticism about the possible outcomes of the new paradigm especially for issues like poverty alleviation and equity. The main apprehension with regard to the new paradigm is that it is serving as an instrument for thrusting upon the market based neo-liberal order with a potential to reverse the achievements of the state led developmental regime. Given such a nature, the critics suspect the real intent of the new paradigm

and have many valid questions about the role and relevance of the 'good governance' agenda. As pointed out by Shylendra (2004), some of the questions in this regard are: how to ensure that real nature of the emerging governance is not solely neo liberal in character and is in line with truly accepted universal values of humane, just and equitable governance? How to make multiple actors effective, responsive and accountable for poverty alleviation and equity? How to direct the 'good governance' agenda in favour of the poor and marginalized people? Can the new paradigm with plurality generate the right kind of synergy which can help address squarely the problem of poverty? What are the possible safeguards needed to avoid the failure of new governance? Can the elements of 'good governance' like accountability and transparency ensure that the policy and programme failures do not occur for the poor? How to tap the strengths of civil society for poverty alleviation? Moreover, can there be a better understanding of the concept of poverty by bringing people's perspectives into it? Thus, 'good governance' though apparently a normative concept has become debatable in the view of the above questions and scepticism.

A large number of poverty alleviation programmes are being implemented in the country to tackle different dimension of poverty like food security, housing and employment. Huge amount of resources are also invested in these programmes. It is now fairly well understood that there are many problems in the implementation of these programmes rendering them largely ineffective in terms of their targeting and impact. Hence, the recognition of the problems plaguing these programmes and the need to improve their performance assumes importance in tackling the problem of persisting poverty. Can good governance as is being implemented make some difference in tackling the problems of poverty alleviation programmes?

Against this backdrop of ‘good governance’, the major objective of this paper is to look at the functioning and performance of a major poverty alleviation programme called Swarnajayanti Gram Swarozgar Yojana (SGSY) being implemented since 1999. We intend to critically look at the design and implementation of SGSY mainly from the point of view of the concept of ‘good governance.’ The main question taken up in this paper is: How far SGSY, being a major programme of the GOI for poverty alleviation, has been able to really incorporate principles like participation of the people

and sound project formulation? The aim is also to test the hypothesis that ‘SGSY has moved beyond the determinist approach to poverty alleviation only on paper and not in practice’ (Sud 2003: 4085). This would help us examine how SGSY proposes to address some of the problems identified with regard to the earlier poverty alleviation programmes, especially the Integrated Rural Development Programme (IRDP) and whether it can really bring about poverty alleviation. The paper attempts to examine the above objectives mainly by critically looking at some of the design aspects of SGSY and by analysing the evidence regarding how SGSY is being implemented through a review of the available empirical studies.

LESSONS FROM IRDP

It would be worthwhile here to first look at the experience of IRDP, which was one of the major direct attack programmes on poverty and cull out some of the lessons learnt from its implementation. As we know, poverty alleviation in India has been sought to be addressed mainly by pursuing a strategy of attaining growth with equity. The realization that the growth oriented strategy of the initial decades of planning was not able to make

much of a dent in reducing poverty led the state to subsequently adopt policies aimed at attacking poverty more directly (Rao 1990). As a result, it is observed, 'Progressive reduction and ultimate eradication of poverty became one of the major goals of India's economic policy since the beginning of the Fifth Five Year Plan. The basic strategy of combining minimum needs programme with programme of employment and income generation took concrete shape towards the end of the fifth plan when IRDP was launched' (Singh 1999:224). The genesis of IRDP can be traced to the realization by the policy makers that the special area development programmes like Drought Prone Area Programme (DPAP) and Dessert Development Programme (DDP) and target group programmes like Small Farmers Development Agency (SFDA) meant for small and marginal farmers had failed to make any significant change in poverty situation (Rath 1990). Moreover, it was observed that the 'constraints from which these programmes have suffered have not been financial but organizational inadequacies and lack of clear cut plan for development of an area to which coordinated efforts of all the concerned agencies could be directed' (ibid: 334). To overcome this constraint IRDP was introduced which replaced

multiple programmes by a single integrated programme. IRDP, thus, was the first programme to attempt an integrated approach to poverty alleviation.

IRDP was the only programme meant for self-employment in the beginning.

But with the experience gained through implementation of IRDP a number of other allied programmes were introduced to supplement IRDP efforts in poverty alleviation. These programmes were as follows: (i) Training of

Rural Youth for Self Employment (TRYSEM) started in 1979 intended to

take care of the training requirement of the people who were selected under IRDP; (ii) Development of Women and Children in Rural Areas (DWCRA)

was started in 1982 to focus particularly on the rural poor women; (iii) Supply of Improved Toolkits to Rural Artisans (SITRA) was started in 1992

to look after the modernization and improving the efficiency and productivity of the poor rural artisans; and, (iv) The Ganga Kalyan Yojana

(GKY) introduced during 1996-97 in order to focus on the land based activities particularly the irrigation requirement of the small and marginal

farmers (GOI 2001). IRDP and the allied programmes continued to be the main schemes of direct attack on poverty till the launch of SGSY in 1999.

IRDP was in operation for almost two decades. The experience of implementing IRDP has given some important insights into poverty alleviation efforts in India and also raised number of concerns over the effectiveness of these efforts. It was a nationwide programme which had very high outreach of poor households. Table 1 presents some key financial and physical progress of IRDP since its inception. In about two decades it could cover about 54.4 millions households in the country with a cumulative investment of Rs. 339.64 billions of funds made both by way of bank credit and subsidy. However, IRDP was beset with many problems. The main problems identified were: improper targeting due to wrong identification of the poor and the problem of leakage. Further, IRDP's record of achieving the main goal of lifting the poor above the poverty line is also very low (Rath 1990).

Table 1 here

A Programme Evaluation Organization (PEO) study carried out in 1985 (GOI 1985) identified many concerns in IRDP implementation. The study pointed out lack of strong administrative set up to facilitate the implementation of the programme. The deficiencies observed by the study were low staffing, inadequacy of infrastructure for providing assets to the selected beneficiaries, slack in the follow up of guidelines, improper identification of viable income generation activities, low infrastructure and marketing supports to beneficiaries, weak monitoring, low involvement of banks in the selection of beneficiaries or preparation of project profile and an overall lack of good coordination among various implementing agencies like the district industries centre, banks and training institutions.

A last concurrent evaluation study points out that only 14.8 per cent of the beneficiaries assisted under IRDP could cross the poverty line (GOI 2001). The recovery performance of loans was also poor. Some of the other problems associated with IRDP were absence of systematic project appraisal, lack of attention to viability of the project, lack of follow up by either banks or government agencies and mis-utilization of assistance by beneficiaries. The same concurrent evaluation also pointed out that the desired linkages

within IRDP programmes were missing and the essential integration of different agencies in the implementation of anti-poverty programmes was never available (ibid 2001).

Similarly, it has been identified that the ‘multiplicity of programmes under IRDP came to be viewed as separate programmes resulting in lack of proper social intermediation, absence of desired linkages among these programmes and implementation concerned more with achieving the individual programme targets rather than the main issue of generating sustainable income’ (GOI Undated).

Thus, IRDP, though had good intentions but was found lacking in good implementation. As a poverty alleviation programme neither could it ensure participation of the poor nor help them in crossing the poverty line through sound project formulation and implementation. Hence, despite achieving a massive outreach, the impact of IRDP was found to be of limited nature.

SWARNJAYANTI GRAM SWAROZGAR YOJANA (SGSY)

SGSY has been introduced as an answer to many of the problems faced by the IRDP. The committee constituted by the Planning Commission to review

the self-employment and wage employment programmes in 1997, recommended merger of all self-employment programmes for the rural poor and a shift from the individual beneficiaries approach to a group based approach. It emphasized the identification of activity clusters in specific areas and strong training and marketing linkages (GOI 2002b). These recommendations were accepted and SGSY was launched on 1st April 1999 by merging IRDP and allied programmes.

The main objective of SGSY programme is to bring the assisted poor families, who are called *Swarozgaris*, above the poverty line by ensuring appreciable sustained level of income over a period of time. The objective is to be achieved by organising the rural poor into self help groups (SHGs) through the process of social mobilization, training and capacity building and provision of income generation assets (GOI 2004).

SGSY is described as a holistic programme of micro enterprise development in rural areas with emphasis on organising the rural poor into self help group, capacity building, planning of activity clusters, infrastructure support, technology, credit and marketing linkages. The Working Group constituted by the Planning Commission on rural poverty alleviation programmes for the

Tenth Five Year plan mentions that social mobilization of the poor in rural areas is an important feature of the SGSY. Further, it states that SGSY believes in social mobilization of the poor before providing them assistance to take up economic activities and the basic departure of SGSY from the earlier programmes is the group approach for the social mobilization of the poor. The report also includes a caveat that there should not be over emphasis on quicker results, as otherwise SGSY will also meet the same fate as that of the earlier programmes. To facilitate the process of social mobilization of the poor, the working group recognizes the importance of bringing in NGOs who are better equipped to facilitate the process, as it is a known fact that government agencies are not well equipped for the task. The working group therefore envisages that the involvement of the NGOs would be very essential in ensuring the success of the self-employment programme during the Tenth Plan (GOI 2001).

The SGSY guidelines (GOI 2004) also emphasize that the programme should adopt a process oriented approach and support the SHG concept as it helps the poor to build their self- confidence through community action. It is envisaged that the process would help in strengthening the socio-economic

empowerment of rural poor and also improve their collective bargaining power (GOI 2004). To overcome the deficiencies of the earlier self-employment programmes, an in-built strategy is to be adopted through integration of various agencies. For this is to happen in SGSY implementation, the guidelines visualize a close coordination among the District Rural Development Agency (DRDA), line departments of the state governments, banks, NGOs and Panchayat raj institutions (PRIs) within a district.

Table 2 gives details of the progress of SGSY on key financial and physical parameters since its inception. Nearly, 12.82 lakh SHGs have been formed. About 3.5 million Swarozgaris have been assisted with credit and subsidy which is the main feature of the SGSY programme in the first four years its implementation.

Table 2 here

To summarize, SGSY, a major programme of poverty alleviation, is supposed to be implemented in a holistic way by incorporating the key elements of 'good governance' like social mobilization with emphasis on capacity building, integrated support through credit, infrastructure, technology and marketing so as to ensure the poor an appreciable sustained level of income over a period of time, and building the self-confidence of the participants through community action. Thus, it can be seen that SGSY, in terms of its approach, has tried to deviate from IRDP by emphasising on the issue of social mobilization of the poor and trying to bring in integration in providing various backward and forward linkages and in the functioning of various agencies involved in its implementation.

SGSY AND 'GOOD GOVERNANCE'

Can the attempt to bring in elements of 'good governance' in SGSY deliver the results? This and the other research questions raised earlier are examined in the coming paragraphs.

Selection of Participants

The participants of SGSY, called Swarozgaris, can be either individuals or groups. In either case SGSY subscribes to the list of Below Poverty Line (BPL) households generated by the BPL census for providing financial and other assistance. The BPL list has to be approved by the *Grama Sabha* in a village. The Swarozgaris are to be selected in the Gram Sabha in a transparent manner. Since the BPL households may remain absent from *Gram Sabhas* many a times, the BDO along with the banker and Sarpanch is expected to visit each hamlet of the village to ensure proper selection of BPL members (GOI 2004). While assigning the key role to PRIs especially in proactively selecting the poor is a positive step, there are serious concerns over the way BPL list is designed and generated.

Apart from the concern over the methodology used in measurement of poverty, it is found that in reality the way BPL census is carried out, there are many problems. It is argued that preparation of BPL list cannot be a mere statistical exercise which fails to capture the special characteristics of the poor (Hirway 2003). The households that are the poorest often find it difficult to get themselves included in the BPL list. The two common errors

observed in the BPL list are the error of inclusion of non-poor and error of exclusion of the poor. This is supported by a study (Panda 2004), which looked at the functioning of SGSY in Rajasthan. According to this study, there were gross irregularities in the BPL survey and the groups were found to be dominated by people who were not really poor. Thus, a top-down approach still continues in the selection of the poor by way of prescribing an officially designed BPL criterion, which has many limitations in ensuring a foolproof selection of the poor under diverse conditions.

Formation and Promotion of Groups

SGSY lays emphasis on the group approach rather than financing individuals. This clearly appears to be the recognition of the need to adopt the group approach as being followed by various microfinance interventions in the country. The SGSY approach of the organising poor stems from the conviction that there is tremendous potential within the poor to help themselves and that potential can be harnessed by organising them. The SGSY guidelines elaborate the various stages through which this process of organising goes through and also gives broad guidelines on how such groups

should function. It is emphasized that the group formation should not be driven by any targets but lend itself to a process approach. SGSY also recognizes the importance of interventions by NGOs in group formation and development of the groups and has made specific provisions to involve NGOs, community based organizations, and individuals to facilitate this process. The idea here was that such NGOs or agencies would stay with the group for a period of two to three years and enable the groups to mature into self-managed people's organizations (GOI 2004).

While the intention of SGSY in bringing in the group concept has been good, but some of the emerging evidence raises concerns over the possibility of its success because of the way it has been adopted by SGSY. The group approach needs a lot of effort from the agencies in promoting and nurturing groups, besides the need to be clear on the role and design of the group concept itself. Unless this aspect is clearly recognized, any mechanical effort to promote groups is bound to create many hurdles in the smooth formation and functioning of the groups (Shylendra 1998).

The Tenth Five Year Plan highlights two concerns regarding SHG formation under SGSY in its initial years. First is the lack of requisite skills with

District Rural Development Agencies (DRDAs) in social mobilization. It says, 'the field officers were not in a position to organize self help groups which could be provided financial assistance' (GOI 2002b: 295). Secondly, it mentions that NGOs who could have facilitated this process were not in place as visualized. These, according to the plan document, were the main reasons for initial setbacks to the SGSY implementation that resulted in low central releases and low credit mobilization. The plan however does not mention the setbacks the scheme might have had in the process of social mobilization which is very crucial according to the SGSY design. The role of NGOs is very crucial especially in the beginning when the group mobilization process is to be initiated. A group can be self-reliant and lead to empowerment of people as envisaged in SGSY design, only if its formation and nurturing is facilitated carefully and required time is given for it. Absence of a good facilitator who can work with SHGs to inculcate participatory values and build ownership of the group would have definitely hampered the process of social mobilization.

Evidence also suggests that even when NGOs were present there were problems of co-ordination between the NGOs and the government agencies

leading to the set back in the formation of SHGs as identified above (See Box 1).

Box 1

Urmul Khejri: In the Quagmire of SGSY

Urmul Khejri is a sister organization of Urmul Trust which was registered in 1998. Urmul Khejri got into collaboration with the government in 2002 for the SGSY scheme in Nagaur district of Rajasthan State. According to the original contract, Urmul Khejri had to make 30 SHGs sustainable in two years period for which it was to be paid Rs. 10,000 per group. The different timely instalments were described with the scheme. Already more than one year has passed and only two groups have passed the second grading and five have been linked to the bank. The NGO staff is complaining that the committee formed for monitoring is not doing its job regularly. But the government is blaming it on the lending bank which is not sanctioning money to the group. Distressed with the tardy pace of progress, the NGO has now stopped forming groups because of not getting enough funds for the staff. This NGO is parallely running a similar scheme funded by NABARD. Though it is getting Rs. 1,800 per group in comparison to Rs. 10,000 from the government-run SGSY, still things are going on as they should be because of regular monitoring and sanction of funds by NABARD.

Source: Edited and excerpted from Panda (2004)

The Working Group on poverty alleviation programmes for the Tenth Five Year Plan also recognizes that the progress of SGSY in the initial years has been slow more or less for the same reasons (GOI 2001). The main reasons identified by the Group are: much of the time was spent in preparatory work and sensitization of functionaries at various levels and bankers. Also, a lot of time was required for formation of SHGs, their capacity building and gradation (ibid).

An empirical study in Gujarat (Sud 2003) highlights that what is mentioned in the guidelines of SGSY and the way actual processes take shape in the implementation are two different stories. The study locates the problems in implementation of SGSY at the village, state and national level. At the state level, there is an emphasis on forming SHGs on target basis. Directives are issued to district and block administrators to form as many SHGs at the earliest. This kind of policy initiative ultimately burdens the Village Level Workers (VLWs) who are pressurized to form SHGs. This ultimately results in VLWs adopting a target-oriented approach and completely ignoring the participatory process oriented approach as proposed in the SGSY design (ibid).

Corroborating the above findings, another empirical study (Mandhotra and Bhan 2003) focussing on the functioning and performance of SHGs formed under SGSY in Koshambi district of Uttar Pradesh notes various problems related to the status and functioning of these groups. The study points out the lack of cohesiveness due to lack of interest and understanding of the SHG concept among the SHG members. The study also found that the main motive in forming these SHGs was merely accessing credit and the subsidy from the bank. The VLW who facilitated this process of group formation had tried to form as many SHGs as possible as he was given a target. With this kind of facilitation, the group lacked cohesiveness resulting in slack in attendance in SHG meetings and irregular savings by members. With regard to maintenance of the books of accounts, the study notes that records were generally maintained for the sake of bank records as banks use them to grade SHGs for loan linkages. Records were also found to be fake. The study also found the process of internal loaning was a fake exercise carried out just to avail the benefit of the subsidy.

A study conducted in seven districts of Maharashtra State on SGSY implementation found that though for promotion of sustainable SHGs, it was

essential that NGOs with good experience of promoting SHGs need to be selected, it was found that NGOs with very limited experience in SHG promotion were involved. Further, the study observed that the process of selection of NGOs was also not transparent and depended on the whims and interests of the officials involved in the selection of NGOs (Chaitanya and Chalana 2004).

The above findings clearly indicate that group concept appears to have been pushed through without clearly assessing and ensuring various aspects relevant for its success.

Project Implementation

An important aspect about any poverty alleviation programme is its ability to bring in integration so that not only all the necessary forward and backward linkages are established but all the agencies concerned are able to co-ordinate effectively for the purpose of implementation of the programme.

IRDP did not succeed as it had failed to bring in the necessary integration.

Can SGSY with its focus on holistically implementing the project bring about the much-needed integration?

The SGSY advocates a cluster approach in the implementation of the scheme in the villages. The clusters are not meant to be mere geographic agglomeration of villages but units where backward and forward linkages could be effectively established. It envisages selection of villages based on the considerations of easily facilitating factors such as setting up infrastructure, raw material distribution, technology transfer as well as quality control (GOI 2004). SGSY recognizes that proper infrastructure is essential for the success of micro enterprise activities and it seeks to ensure that the infrastructure needed for the identified activities are fully met. The infrastructure could be either for production, processing, quality testing, storage or marketing.

Under the cluster approach to be followed, there will be emphasis on selection of a few activities instead of funding diverse activities. This would facilitate giving attention to all aspects of the activity so that Swarozgaries would be able to gain sustainable income from their investments. It is envisaged that choice of activity should be based on local resources, the aptitude as well as the skill of the people. The block level SGSY committee should build upon the traditional knowledge of the poor with its knowledge

base of the village level activities to facilitate selection of suitable income generation activities. The selection of activities has to be done through a participative process and it should not be an ad-hoc decision. It is emphasized that the block level SGSY committee should carry out genuine consultation process with the poor households.

The block level SGSY committee, based on the consultations, would identify 8-10 activities and rank them in order of preference. It will also elicit recommendations from PRIs and forward it to the district SGSY committee.

The district SGSY committee will vet them and select about 10 activities per block. However, the focus should always be on 4 or 5 key activities. The district committee has to consult the line departments to build their commitment to provide required services to the Swarozgaris. Care needs to be taken to ensure the marketing of the products of the activities. For this, services of a professional in the field of market research and survey also could be taken (ibid).

From aforementioned points, it can be inferred that SGSY aims at selection of activities based on a cluster approach and through a consultative and participatory process. Regarding the cluster approach, though it is ideal for

creating viable activities which the participants could take up, such cluster level scheme formulation requires a lot of planning in terms arranging all the forward and backward linkages. Unless such planning is done on a co-ordinated basis by various agencies, viable cluster level activities may not be identified at all (Chatterjee 2003) (See also Box 2).

The idea of SGSY is that the programme participants are also involved in decision making. The scheme emphasizes the value of traditional knowledge of poor and combining it with the knowledge of block level committee in selection of suitable activities. One empirical research of SGSY implementation in Gujarat, however, found that the SHG members covered under SGSY had very different ideas on what they would do with the loan. There was no consensus on which activity the group wanted to take up. The VLWs had let the women SHG members to believe that they could take up any income generation activity they wished to. The perception of the VLWs on the other hand about the SHG women members was that these women knew nothing and they were like 'blank pieces of paper' (Sud 2003: 4086). This suggests that what is written in the document and what transpires in the field might be completely different. The design of the SGSY scheme talks

about participatory and genuine consultations between stakeholders in better selection of income generation activities. However, the actual process that takes place could end up being very non-participatory and top-down.

This is also supported by the findings of impact assessment studies conducted in Bolangir and Kalahandi districts of Orissa on rural development programmes which point out certain deficiencies in the implementation of SGSY programme (Sen et al. 2002a; 2000b). It was found that awareness about the basic features of SGSY among the rural households was low, especially with the BPL households. There was low awareness about the scheme even among PRI office bearers and NGO staff. Apart from this, several lacunae could be observed in selection of participants for the scheme, selection of activities, inadequate and ineffective development of capabilities and non-participatory decision making process (ibid).

Even the Maharashtra State study mentioned earlier, found that out of the 400 Swarozgaris interviewed across seven districts of Maharashtra, 47 per cent had not started any income generation activity by making use of the loan funds. With regard to trainings, the study found that 52 per cent of

Swarozgaris had not received any training in enterprise development.

(Chaitanya and Chalana 2004).

SGSY also seems to be having problems especially in establishing the much needed integration. An empirical study carried out in Sabarkanta district of Gujarat also found certain deficiencies in the implementation of SGSY (Sen et al. 2004). These deficiencies are related both to non-adherence to guidelines and also operationalization of the scheme. The operational problems in delivery of the programme were: delays in actual disbursement after sanctioning of the loans (in some cases it was more than 90 days and in majority it was up to 90 days), lack of any significant support extended by PRIs and government departments to ensure proper end use of the funds, lack of timely and adequate supply of inputs, lack of assured marketing design support and lack of quality trainings to participants to make a change in their awareness or create market potential or facilitate transfer of technology. The study also found lack of awareness among participants regarding the terms and conditions of loan sanctioned. In some blocks this was found as high as 98 per cent of the sampled participants. The banks on the other hand were insisting on collaterals and sanctioning majority of the

loans towards the end of the financial year, a practice completely against the norms of SGSY. The recovery performance of SGSY was also found to be dismal at around 40 percent. Overall, the study points out lack of coordination between government departments and other agencies of development in the implementation of SGSY.

The Maharashtra State study (Chaitanya and Chalana 2004) found several lacunae in the way the SGSY was implemented. The main problems were of coordination between government agencies, NGOs and banks. It points out that though the design of involvement of multiple partners in SGSY is welcome as it provides checks and balances, but since these multiple partners have completely different approaches to implementation, SGSY is faced with bottlenecks in coordination and these prevent its smooth implementation.

The study found instances where NGOs were refused their payments by government officials. As many as six organizations under the study reported that they faced delays in payments from Government, non-adherence to terms of the contract and raising of petty objections by government officials.

The study argues that bureaucratic hassles have marred the NGO-Government relations (See also Box 2 for similar findings in Rajasthan).

Further, the way SGSY is being implemented , it has also created problems in relations between NGOs. In some villages where non-SGSY groups formed by some other NGOs were converted into SGSY groups by NGOs implementing the SGSY to facilitate accessing loan and subsidy, there were frictions between the NGOs.

Box 2

GO-NGO: Co-ordination or Competition?

BAIF, the NGO in Bhilwara district of Rajasthan State has taken up Artificial Insemination (AI) for the cattle (*under SGSY*). The staff of the BAIF perform all the activities and according to the contract the government pays them after the end of the year. The artificial insemination programme of BAIF is a completely contractual type of job. It is getting Rs. 1,18,000 per AI centre and the total number of cattle varies depending upon the location of the centre. Here, there is sharing of job between the GO and NGO.

Generally, resistance to NGOs arises when it is engaged in a task that also constitutes the core activity of a government department. Any overlap or infringement of domain of a government department creates conflict with the NGOs. In the case of BAIF, when it first started its activities, there was a lot of resistance from the Department of Animal Husbandry (DoAH) and even in some areas it had to leave the work where DoAH had subsequently developed AI facilities. Particularly, employees at lower ranks feel threatened for losing their legitimacy over the people. BAIF is also enthusiastic to venture into the area of administering vaccine to the animals. But due to the opposition from the departmental staff, it has not been able to start the job.

Source: Edited and excerpted from Panda (2004)

Problems have also been noticed in the functioning of banks under SGSY. The banks are expected to play a major role in providing credit facilities. SGSY also envisages multiple doses of credit rather than one time credit injection. This would mean depending upon the loan utilization and repayment, the Swarozgaries, would get second and subsequent doses of credit enabling them to access higher amount of credit. The Working Group on poverty alleviation programmes for the Tenth Five Year Plan found 'inadequate appreciation of objectives of SGSY and advantages of group finance by field level bankers and inadequate delegation of power to bank branches in sanctioning loan beyond a certain amount' (GOI 2001:10).

Similarly, the Maharashtra study notes that despite all the guidelines provided by the Government, it was observed that banks do not cooperate with NGOs and government officials. For Swarozgaris who had an earlier outstanding loan, the banks were disbursing SGSY loans after deducting the amount of outstanding loan. In this way, the banks were making recoveries of their loans (Chaitanya and Chalana 2004).

Thus, what one can observe from the available evidence is that there are problems of serious nature in various stages of the implementation of

SGSY. Whether it is selection of the participants or formation of the groups or disbursement of loan or selection of the schemes or arranging the necessary linkages, SGSY seems to be ridden with problems which it had hoped to overcome for a better impact.

CONCLUDING REMARKS

SGSY was meant to be a holistic programme capable of bringing in integration which was found missing in the case of IRDP. It was hoped that as an integrated programme, SGSY would contribute significantly towards poverty alleviation. Though clear evidence regarding the impact of SGSY is yet to emerge, but whatever little evidence available regarding the implementation of SGSY suggests that the impact story of SGSY cannot be far different from that of IRDP.

SGSY in its design has made an attempt integrate the different elements under a 'good governance' framework required for effectively implementing rural development project. It has recognized the need for bringing in a participatory approach both to make the project sustainable as well as to empower the poor. It has envisaged sound project principles like better co-

ordination among all actors and creating necessary backward and forward linkages so that skills, technology, credit, infrastructure and marketing could be arranged smoothly. In order to ensure that the efforts do not get diffused or thinly spread, a cluster approach has been recommended in the selection of activities. Unfortunately, most of these good intentions seem to have remained only on paper as the emerging evidence from the practice points to a largely contrary scenario that what was envisaged.

The group concept has been introduced both to help in social mobilization of the poor as well as to take advantage of a proven method of savings and credit for the poor. The group concept under SGSY seems to be facing all kinds of problems. The meaning of target achievement in SGSY has come to be understood as forming as many SHGs as possible and then financing them. Little attention is paid towards facilitating processes that enable to form self-reliant SHGs as envisaged in the guidelines. Moreover, there is no clear appreciation of the concept among the government agencies involved, nor a sincere attempt made to involve NGOs which have proven ability in group formation. Despite the fact that the group concept requires adequate time and efforts in formation and stabilization, the continuation of target-

oriented approach has reduced the whole exercise of group formation to a kind of a mockery. Going by the evidence of fake and fictitious attempts to form groups, there is a danger that the group concept itself may get discredited in the process. It is not also surprising that group concept which has the potential to ensure high loan recovery does not seem to be having the same effect under SGSY.

Coming to the issue of participation, there appears to be big gap in what is visualized and what is actually emerging. The participants are almost reduced to mere beneficiaries having no potential to contribute in the process of project formulation. The intent of participation approach itself appears doubtful and mere rhetoric. Further, the evidence indicates sidelining of the process oriented approach and lack of appreciation for participatory processes. Given the fact that there is so much of misconception and also lack of information about some of the key aspects of the project among the participants, one can well imagine to what extent SGSY is in a position to ensure true participation leave alone the empowerment of the poor.

Collaboration between government and civil society organizations is an important requirement under the new 'good governance' paradigm. The proposal to rope in NGOs under SGSY is based on the premise that they have better institutional capacity to carry out the process of social mobilization. What is required to be seen is how this collaboration is working and would it really make a difference in implementing the poverty alleviation programmes. The evidence, however, suggests that this envisaged process under SGSY does not seem to be working the way it should be . There appears to be a lot of reluctance on the part of government agencies to enter into a partnership. NGOs are even perceived to be threats to the existence of government agencies. What is therefore seen on the ground is more of conflict than smooth co-ordination to realize the common goals. Even the banks which are supposed to be an integral part of the scheme, appear to be reluctant partners. Lending to poor still appears to be 'not a bankable proposition' for the banks. So much for all the collaboration and co-ordination visualized by SGSY among different agencies!

To conclude, based on the above analysis we are compelled to agree here with the hypothesis raised at the beginning that 'SGSY has moved beyond

the deterministic approach to poverty alleviation only on paper and not in practice.’ As is evident in SGSY, SGSY is neither able to ensure true participation of people nor able to bring in much needed integration and coordination for better impact on poverty. The proclaimed ‘good governance’ for the poor hence appears to be more of rhetoric than a reality. If that is so, how do we fix the accountability, another hallmark of ‘good governance’ for the observed state of affairs of the programmes like SGSY?

(This is a revised version of the paper presented at the workshop titled “Emerging Governance Paradigm and its Implications for Poverty Alleviation and Equity” held from 14th to 16th December 2004 at IRMA, Anand, under the Silver Jubilee Symposium)

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Table 1 Financial and Physical Progress under IRDP (1980-81 to 1998-99)

Period	Total Families Covered (in Thousands)	Total Allocation (Rs in Million)	Credit Disbursed (Rs in Million)	Subsidy Disbursed (Rs in Million)	Credit+ Subsidy disbursed (Rs in Million)	Credit-Subsidy Ratio
1980-85	16562	17668.1	31016.1	16611.7	47627.8	1.87
1985-90	18177	30002.7	53725.3	27080.3	80805.6	1.98
1990-95	12258	43047.9	62331.9	35246.8	97578.7	1.77
1995-99	7397	47842.1	78411.9	35208.8	113620.7	2.23
Total	54394	138560.8	225485.2	114147.6	339632.8	1.98

Source: GOI 2001. *Report of the Working Group on Rural Poverty Alleviation Programmes for the Tenth Five Year Plan (2002-2007)*. New Delhi: Planning Commission. URL http://planningcommission.nic.in/aboutus/committee/wrkgrp/wg_rulpovty.pdf (Visited November 24, 2004)

Table 2 Financial and Physical Progress under SGSY (1999 to 2003)

Key Variables	Progress till March 2003
Total SHGs Formed	12,82,224
Total Swarozgaris Assisted	34,95,035
Total Funds Available (Rs. in Millions)	38,719.40
Total Credit Mobilised (Rs. in Millions)	47,406.70
Total Subsidy Disbursed (Rs. in Millions)	23,763.10
Total Credit+ Subsidy disbursed (Rs. in Millions)	71,169.80
Credit: Subsidy Ratio	1.99

Source: GOI, Ministry of Rural Development. URL
<http://rural.nic.in/pfs/PFS.htm>